



THE CITY OF SAN DIEGO

Redevelopment Agency's Report

DATE ISSUED: August 4, 2004 REPORT NO. RA-04-27

ATTENTION: Chair and Members of the Redevelopment Agency
Docket of August 9, 2004

SUBJECT: Exclusive Negotiating Agreement with San Diego State University
Foundation for the proposed Religious Centers Project – College
Community Redevelopment Project Area

SUMMARY

Issues – 1) Should the Redevelopment Agency authorize the Executive Director to enter into an Exclusive Negotiating Agreement (ENA) with the San Diego State University Foundation (SDSUF) for the proposed Religious Centers Project?

2) Should the Redevelopment Agency authorize the Executive Director to amend the Fiscal Year 2005 Agency Budget for the College Community Redevelopment Project Area?

Executive Director's Recommendation –

1. The Redevelopment Agency approve an ENA with the SDSUF for the proposed Religious Centers Project;
2. Amend the Fiscal Year 2005 Agency Budget for the College Community Redevelopment Project Area to accept a Developer Deposit of up to \$50,000.

Fiscal Impact – The \$50,000 SDSUF deposit will pay for staff time, outside consultants and attorney's fees to process the ENA.

BACKGROUND

At the request of the SDSUF, the College Community Redevelopment Project (CCRP) Area was adopted by City Council on November 30, 1993. A primary objective of the CCRP was the concept of creating a large mixed use/village-like project immediately

adjacent to San Diego State University which provides students with a full range of campus-related amenities including market rate housing. The Master Project Plan (MPP) and Core Sub-Area Design Manual specifically address this concept, its location, and establish guidelines for implementation. The mixed-use project has been the longest standing and most prominent project addressed in the Project Area. On March 4th, 2003 The Redevelopment Agency of the City of San Diego (Agency) voted unanimously to enter into an ENA (Report No. RA-03-06) with the SDSUF for the proposed The Paseo Mixed-Use Project (The Paseo).

The SDSUF Religious Centers project proposes to house all five (5) of the religious centers within the Core Sub-Area of the College Community Redevelopment Project Area. Three of these religious centers are currently within the footprint of The Paseo. The proposed relocation of the Lutheran Campus Council, the Newman Center, and Latter Day Saints Institute is in accordance with the 1994 Participation Agreement between the Agency and the Religious Centers. Hillel and the Wesley Foundation would also be permanently relocated as a result of the project.

DISCUSSION

On March 22nd 2004, the Redevelopment Agency (Agency) staff initiated an Owner Participation (OP) process in response to the SDSUF's written request for an Agency ENA to develop the Religious Centers project in the Core-Sub area of the College Community Redevelopment Project Area. The Agency mailed questionnaires to the eight (8) property owners within the footprint of the project, requesting their intent to either participate in or submit a competing proposal. Property owners were given thirty (30) days to respond to the Statement of Interest Questionnaire and forty-five (45) days to submit a competing proposal. The deadline for competing proposals was extended an additional two (2) weeks at the request of a property owner.

The Agency received three (3) project proposals (including the original from SDSUF) by the May 21st, 2004 deadline. Each proposal was analyzed and evaluated based upon the following factors: extent to which the proposed project furthers the goals of the CCRP Plan/Project Area; extent to which the project conforms to the College Area Community Plan and Master Project Plan; ability of the proposed developer to finance the project; economic feasibility of the proposed project; and the experience of the developer with the proposed type of development.

Between May 22nd to May 25th, 2004, Agency staff convened the final phase of the OP evaluation process. A panel consisting of City staff interviewed the OP respondent teams, seeking further information to determine which project best satisfies the goals of the CCRP Plan. The six-member panel unanimously recommended an ENA with the SDSUF for four parcels on Hardy Avenue. The first three parcels west of Campanile Drive for the Wesley Foundation and the fourth parcel west of Campanile Drive for the Lutheran Center. Additionally, the panel recommended the Agency pursue an ENA with SDSUF for 5 parcels on Lindero Paseo. The first three parcels west of Campanile Drive for the Latter Day Saints (LDS), and the fourth and fifth parcels west of Campanile Drive for Hillel. (See Attachment 1 – Location Map).

On June 1st, 2004, the College Community Redevelopment Project Area Committee (PAC) voted to approve an ENA for the Religious Centers with San Diego State University Foundation for four parcels on Hardy Avenue and five parcels on Lindero Paseo with lots six & seven held in

advance until the Newman Center location is determined. The motion passed 8 approved, 1 opposed and 1 abstention.

The proposed Religious Centers Project includes new freestanding facilities for up to five campus-based religious organizations. The project consists of 94,100 gross square feet of proposed development, 36,500 square feet of commercial development and 67,000 square feet of parking. The development location of Latter Day Saints, Hillel, and the Newman Center is on Lindo Paseo while Wesley and the Lutheran Center are proposed to be developed on Hardy Avenue. Generally, the proposed space for each religious center includes multi-purpose assembly space, worship areas, classroom facilities, recreation areas and office space. The Latter Day Saints Institute, Newman, and Lutheran facilities are required relocations for implementation of The Paseo project.

The ENA (see Attachment 2) includes the following obligations:

Obligations of Agency:

- (a) Work with the Developer to evaluate the Project cost pro forma for the purpose of determining what, if any, Agency financial assistance is needed to make the Project economically feasible;
- (b) Respond on a timely basis on all submittals by Developer made pursuant to Section 3 of the ENA;
- (c) Work with the Developer to establish a reasonable time schedule for the negotiation of a DDA and the completion of all necessary approvals and permits to implement the Project; and;
- (d) Notify any and all other proposers that during the Exclusive Negotiating Period, the Agency and its staff, consultants and/or agents shall not negotiate, discuss, or otherwise communicate with any person or entity, other than the Developer, regarding a DDA for the development of the Project. However, if the entire Site will not be required for the Project, the Agency shall be permitted to negotiate and/or discuss the development of the available portion with potential third party developers.

Obligations of Developer:

- (a) Prior to consideration by the Agency of a DDA, the Developer shall provide a Letter of Intent (in form and substance reasonably acceptable to the Agency) executed by the Developer, indicating that an institutional lender, approved by the Agency, has expressed interest in financing the acquisition, construction, and development of the Project by the Developer. Such Letter of Intent shall also outline the financial terms pursuant to which it would consider loaning money to the Project.
- (b) The Developer shall provide to the Agency a reasonable cost pro forma, a reasonable table describing the sources and uses of funds and cash flow projections and

distributions and a narrative describing the fundamental economics of the Project, all in form and substance acceptable to the Agency.

(c) The Developer shall, if applicable, provide an equity commitment acceptable to the Agency in a manner specifically identifying the sources of such equity. Such equity commitment shall be in an amount sufficient to provide for the acquisition of the Site and qualify for the necessary construction and take-out loans as will be required for the development. Moreover, such commitment may also be in the form of Letters of Intent from investors of adequate credit-worthiness setting forth their intent to invest the equity that shall be required for this Project.

(d) The Developer shall deliver to the Agency a Site Plan and basic architectural elevations of the Project. The Site Plan and basic architectural elevations shall include a well defined architectural concept addressing the urban design and development, and quality issues related to the Project's use and location. In addition, the Site Plan and architectural elevations shall identify building design features, including signage, illustrating how the Project and its use integrate into the surroundings. Notwithstanding the above, no such Site Plan or architectural elevations shall be deemed final until approved by the Agency, pursuant to the DDA.

(e) The Developer shall be responsible for the preparation, including all associated costs, of any environmental documents required pursuant to Section 8 of the ENA.

The ENA would be effective for 120 days with a provision to allow the developer and Agency Executive Director to mutually extend the negotiating period an additional 120 days, if necessary.

SUMMARY

With approval of the ENA, Agency staff will commence negotiations with the SDSUF. Upon completion of negotiations, Agency staff will return to the Agency Board for consideration of a disposition and development agreement.

ALTERNATIVE(S)

The Redevelopment Agency not to enter into an ENA with the SDSUF or any other proposed developer.

Respectfully submitted,

Debra Fischle-Faulk
Deputy Executive Director,
Redevelopment Agency

Approved: Hank Cunningham
Assistant Executive Director,
Redevelopment Agency

MF/mf

Attachment(s):

1. Location Map
2. Agency/SDSUF ENA for the Religious Centers Project